

1 LINGEL H. WINTERS, ESQ. (SBN 37759)  
2 LAW OFFICES OF LINGEL H. WINTERS  
3 A PROFESSIONAL CORPORATION  
4 One Maritime Plaza, Suite 400  
5 San Francisco, CA 94111  
6 Telephone: (415) 398-2941  
7 Facsimile: (415) 393-9887

8  
9 GIRARDI & KEESE  
10 THOMAS V. GIRARDI (SBN 36603)  
11 1126 Wilshire Blvd.  
12 Los Angeles, CA 90017-1904  
13 Telephone (213) 977-0211

14 Attorneys for Plaintiff and the Putative Class

15 **UNITED STATES DISTRICT COURT**  
16 **NORTHERN DISTRICT OF CALIFORNIA**

17  
18 IN RE TFT-LCD (FLAT  
19 PANEL)ANTITRUST LITIGATION

20  
21 *EMW, Inc. v. LG Philips LCD CO., LTD et al.*  
22 Case No. C-07-2796 SI

23  
24 THIS DOCUMENT RELATES TO  
25 ALL INDIRECT PURCHASER ACTIONS

26 **MDL No. M:07-cv-01827 SI**

27 **Case No. 07-cv-2796 SI**

28 **CLASS ACTION**

REPLY MEMORANDUM TO  
OPPOSITION TO MOTION TO APPOINT  
INTERIM CLASS COUNSEL FOR THE  
CALIFORNIA INDIRECT PURCHASERS  
SUBGROUP AND MOTION TO SHORTEN  
TIME

Date: July 10, 2007  
Time: 10:00 a.m.

Hon. Susan Illston  
Courtroom: 10

## I. The Substantial Claims Of The California Putative Class

### **Call For Independent Representation**

4 This is a Reply Memorandum to the Opposition to EMW, Inc's Motion For Appointment As  
5 Counsel For California Indirect Purchaser Subgroup. Our Motion is brought in a collegial  
6 spirit, not an adversarial one, for our ultimate goals are the same. In *Klay v. Humana, Inc.*  
7 382 F.3d 1241 (11<sup>th</sup> Cir. 2004), the lead case cited by Mr. Lehmann's Opposition  
8 ("Lehmann"), the Court "affirm[ed] the district court's certification of the plaintiff's federal  
9 claims [RICO and ERISA]...and reverse[d] the district court's certification of the plaintiff's  
10 state claims," (at p.1246) despite allegations of a nationwide conspiracy by HMOs to  
11 underpay doctors. The *Klay* court found that counsel's failure to address "groupability"  
12 through subclassing doomed all of the state claims except the unchallenged California  
13 Subclass, but the *Klay* Court recognized that state law subclasses could have been certified  
14 based on "groupability," - "showing uniformity or the existence of only a small number of  
15 applicable standards...among the laws of the fifty states...," stating (at p.1262):  
16  
17

“Similarly, if the applicable state laws can be sorted into a small number of groups, each containing materially identical legal standards, then certification of subclasses embracing each of the applicable legal standards can be appropriate. *See e.g.* *Krell v. Prudential Ins. Co. of Am.*, 148 F.3d 283, 315 (3d Cir. 1998) (“Courts have expressed a willingness to certify nationwide classes on the ground that relatively minor differences in state law could be overcome at trial by grouping similar state laws together and applying them as a unit.”); *Walsh v. Ford Motor Co.*, 807 F.2d 1000, 1017 (D.C. Cir. 1986) (holding that class certification is appropriate where ‘variations [in state law] can be effectively managed through creation of a small number of subclasses grouping the states that have similar legal doctrines’). In such a case, of course, a court must be careful not to certify too many groups.

1       If more than a few of the laws of the fifty states differ, the judge would face  
2       an impossible task of instructing a jury on the relevant law... *In re Am. Med. Sys.*,  
3       75 F.3d 1069, 1085 (6<sup>th</sup> Cir. 1996)."

4       Certification of an unchallenged California Subclass was left standing. That the substantial  
5       California Subclass was the only state law class left standing in *Klay v. Humana, Inc., supra*,  
6       indicates that California Indirect Purchasers would be well served to have independent  
7       interim counsel. By contrast, in the instant case, natural subclassing is established in the  
8       *Eliasoph* complaint: 1) California-Second and Third Claims 2) Other State Antitrust Claims-  
9       Fourth Claim and 3) Other State Consumer Claims-Fifth Claim. Since California represents  
10       at least 35% and probably 50% of the repealer state populations and substantial potential  
11       claims, it deserves to be independently represented. The recovery for California claimants in  
12       *In re Microsoft* was valued at \$1,1 Billion, and Mr. Girardi obtained a \$1.87 Billion  
13       settlement for California ratepayers in the *Sempra Energy Case* and a \$1.5 Billion recovery  
14       for California rate payers in the *El Paso Natural Gas Case*.

17       Absent employment of the "groupability," doctrine, the Seventh Circuit in *the Matter of*  
18       *Rhone-Poulenc* 51 F.3d 1293, 1300 (7<sup>th</sup> Cir. 1995) reversed the certification of a nationwide  
19       class of product negligence claimants under state laws over concerns about manageability and  
20       varying jury instructions regarding Duty of care, foreseeability, and proximate cause (at p. 1300).  
21       The court in *Castano v. American Tobacco Company* (5<sup>th</sup> Cir. 1996)] 84. F.3d 734, at 741 noted:  
22       "In a multi-state class action, variations in state law may swamp any common issues and defeat  
23       prominence."

25       Mr. Lehmann string-cites dicta in *Diamond Multimedia Sys. v Superior Court* 19 Cal.4<sup>th</sup>  
26       1036 (1999) (out-of-state shareholders of a California corporation have standing to sue under  
27       the California securities law for stock manipulation done in California; *Werbsha v Apple*  
28

1 *Computer, Inc.*, 91 Cal. App.4<sup>th</sup> 224 (2001), *review denied* (involving a settlement class); and  
 2 *Clothesrigger, Inc. v. GTE Corp.*, 191 Cal. App. 3d 605 (reversing a class action certification)  
 3 for the hope, without elaboration of certifying a 50-state class action under California law. But  
 4 Judge Claudia Wilken ruled in *In re Abbott Labs. Norvir Antitrust Litig.*, 2007 WL 1689899 at  
 5 \*4 (N.D. June 11, 2007), cited by Mr. Lehmann, ruled that “California’s Unfair Competition  
 6 Law does not apply to actions occurring outside of California that injure non-residents.  
 7  
 8 *Standfacts Credit Services, Inc. v. Experian Information Solutions, Inc.* 405 F. Supp.2d 1141,  
 9 1148 (C.D. Cal. 2005), *see also Norwest Mortgage, Inc. v. Superior Court* 72 Cal. App. 4<sup>th</sup> 214,  
 10 226 (1999).” Accord: *Churchill Village, LLC v. General Electric Co.* (N.D. Cal. 2000)  
 11  
 12 In *Relafen Antitrust Litigation* 221 F.R.D. 260 (D. Mass. 2004), cited by Mr. Lehmann, the  
 13 Court rejected extraterritorial application of state antitrust laws, stating (at p. 277): “the more  
 14 significant contact...is the location of the sales to the end payor plaintiff... Applying  
 15 Pennsylvania law to these wholly out-of-state transactions would be at best ‘a novelty’ and at  
 16 worst a violation of constitutional limitations. *Bridgestone/Firestone*, 288 F.3d at 1016; [*Phillips*  
 17 *Petroleum v. Shutts* 472 U.S. 797, at 822, 105 S.Ct. 2956, 86 L.Ed.2d 628 (1985); *In re Brand*  
 18 *Name Prescription Drugs Antitrust Litig.*, 123 F.3d 599, 613 (7<sup>th</sup> Cir. 1997)” and (at p.278)  
 19 “States have a strong interest in protecting consumers with respect to sales within their  
 20 borders...but they have a relatively weak interest, if any, in applying their policies to consumers  
 21 or sales in neighboring states, *see BMW of North America, Inc. v. Gore* 517 U.S. 559, 571, 116  
 22 S.Ct. 1589, 134 L.Ed.2d 809 (1996) (“[I]t is clear that no single State could ...impose its own  
 23 policy choice on neighboring States.”).” Thereafter the *Relafen* Court analyzed and excluded  
 24 claimants under the laws of the District of Columbia (“requires injury to each class member” at  
 25 p. 280), Maine (requires a separate level of evidence and proof ‘demonstrating that overcharges  
 26 had been passed on to consumers” at p. 281) Michigan (case law requires “a rigorous analysis of  
 27  
 28

1 individual impact resulting in certification denials at p.281), and concluded "Because the end  
2 payor plaintiffs had not made the stronger showing deemed necessary under the indirect  
3 purchaser statutes of Florida, Maine, Minnesota, and Michigan payor plaintiffs from these states  
4 were excluded from the exemplar classes." (at 221 F.R.D. p.283). Kansas plaintiffs were  
5 excluded due to the requirement for individualized statute of limitations determinations,  
6 Tennessee plaintiffs were excluded as to unfair competition claims under Tennessee case law at  
7 p.284; New York claims under the Donnelly Act were excluded under case law precluding class  
8 actions (at pp.284-286) and New York consumer protection act were excluded under case law  
9 requiring waiver of minimum and treble damages, which raised questions as to adequacy of  
10 representation. (at p.286). Having performed this rigorous analysis, the Court certified a narrow  
11 class of persons who purchased Relafen in Arizona, California Massachusetts or Vermont as to  
12 antitrust and consumer protection laws and Arizona, California, Massachusetts, Tennessee or  
13 Vermont as to unjust enrichment. Had the excluded states had interim counsel, the result may  
14 well have been different. Contrary to the rigorous analysis by the Massachusetts district court in  
15 *Relafen, supra*, the Southern District of Florida in *In re Terazosin Hydrochloride* took plaintiff's  
16 word for it that "Indirect Purchaser Plaintiffs have cited case law under each state antitrust law  
17 interpreting the acts coextensively with the federal antitrust laws," and, certified seventeen  
18 separate State-Wide Classes of drug End-Payors in Alabama [DE-453], California [DE-452],  
19 Florida [DE-450]. Illinois [DE-464, Kansas [DE-463], Maine[DE-462], Michigan-DE-461] ,  
20 Minnesota [DE-460], Mississippi [DE-459], Nevada [DE-458, New Mexico [DE-455], New  
21 York [DE-456], North Carolina [DE-454], North Dakota [DE-465, South Dakota [DE-466],  
22 West Virginia [DE-467, and Wisconsin [DE-468]" while denying claims relative to the District  
23 of Columbia and New Jersey.

24 In *In re Pharmaceutical Industry Average Wholesale Price Litigation* 233 F.R.D. 229  
25  
26  
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28

1 (D.Mass. 2006), the Court certified 1) a Co-Payment Class with four Subclasses with separate  
2 subclass representatives for each relative to Medicare Part B co-payments, excluding residents of  
3 "Alabama, Alaska, Georgia, Iowa, Kentucky, Louisiana, Mississippi, Montana and Virginia  
4 (where consumer protections statutes do not permit class actions." (at p.230); 2) A Third-Party  
5 Payor Medigap Class with two class representatives under Massachusetts law (at p.231); and 3)  
6 A Consumer and Third-Party Payor Class for Medicare Part B with Five Subclasses and two  
7 class representatives. Although these are state law claims, there is an unspoken sense that the  
8 claims deal with an overriding federal program: Medicare.

9  
10 We support Mr. Lehmann's plan for a multi-state effort, but believe that subclassing under the  
11 doctrine of "groupability" would enhance these efforts, and would also welcome the opportunity  
12 to serve on a unified Executive Committee.  
13

14 Mr. Lehmann cites *Hanlon v. Chrysler Corporation* 150 F.3d 1011 (9<sup>th</sup> Cir. 1998), which  
15 involves a settlement-only class, that deals with allegedly defective rear liftgate latches that were  
16 the subject of various state court actions in which counsel were separately appointed by state  
17 courts for each state case. In addressing the settlement class, the *Hanlon* court stated:

18  
19 Approximately two weeks before it announced the NHTSA-approved Service  
20 Action, Chrysler and counsel from the various state actions began serious  
21 settlement discussions, which continued throughout April, May and June 1995.  
22 As a result of the settlement discussions, all of the state class actions were  
23 Consolidated in one large national class action in federal court...Three days after  
24 filing the case, the parties submitted a settlement agreement to the court for  
25 approval.."

26 Thus, in *Hanlon, supra*, the cases proceeded as state cases under the jurisdiction of state courts  
27 with counsel appointed for each state's claimants by the state courts. It was not until a settlement  
28

1 was achieved that a consolidated federal complaint was filed and the only class certification was  
 2 for the settlement class. Because of these facts, variances in state law were not a factor since a  
 3 settlement was achieved without motion practice or trial addressing state law variations.

4       *In re Cardizen CD Antitrust Litigation* 218 F.R.D. 508, 518 (E.D. Mich. 2003) involves the  
 5 certification of a settlement class in which the Court states at p. 518: “Confronted with a request  
 6 for settlement-only class certification, a district court need not inquire whether the case, if tried,  
 7 would present intractable management problems...” citing *Amchem Prods., Inc v. Windsor*, 521  
 8 U.S. 591, 619, 117 S.Ct. 2231, 138 L.Ed.2d 689 (1997). Since manageability is a key reason for  
 9 a rigorous evaluation as to the variation in state claims and subclassing by “groupability,”  
 10 *Cardizen, supra*, which by-passed the manageability issue is inapposite. The cases cited by Mr.  
 11 Lehmann,<sup>1</sup> that have distinguished *Amchem, supra*, are generally settlement cases where  
 12 manageability is not an issue. By contrast we are at the inception of this case where the Court  
 13 can use its discretion to reduce potential conflicts and enhance the manageability of this case by  
 14 inclusion of diversity in the range of counsel and by subclassing.

15       Likewise, *In re Warfarin Sodium Antitrust Litigation* 212 F.R.D. 231 (D.Del. 2002) is a  
 16 settlement-only class certification. In *Warfarin, supra*, the Court stressed that because a  
 17 settlement class is different, it requires no subclassing of claims, stating at p. 251:“While some  
 18 courts in similar cases have certified consumers and TPPs as separate classes or subclasses, there  
 19 does not appear to be any compelling reason to require separate classes or subclasses here in the  
 20 context of settlement.”

21  
 22  
 23  
 24  
 25       <sup>1</sup> *Denney v. Deutsche Bank AG*, 443 F.3d 253, 268-69 (2d Cir. 2006) (RICO settlement); *Uhl v. Thoroughbred Technology & Telecommunications, Inc.*, 309 F.3d 978, 986 (7<sup>th</sup> Cir. 2002)(settlement); *In re Diet Drugs Prods. Liability Litig.*, 282 F.3d 220, 230-231 (3d Cir. 2002)(settlement); *Joel A. v. Giuliani*, 218 F.3d 132, 139-40 (2d Cir. 2000)(settlement); *In re Phenylpropanolamine (PPA) Product Liability Litig.*, 227 F.R.D. 553, 562-63 (W.D. Wash. 2004).

1 Mr. Lehmann cites *Schumacher v. Tyson Fresh Meats, Inc.* 221 F.R.D.605 (D.S.D. 2004), but  
 2 the primary claim in that case for beef price overcharges was for unfair or deceptive practices of  
 3 the federal Packers and Stockyards Act (“PSA”) 7 U.S.C.A. sec. 181-229 with a secondary claim  
 4 of unjust enrichment. The Court certified a settlement class relative to a federal claim under the  
 5 PSA as well as a secondary claim for unjust enrichment. *In re Abbott Labs. Norvir Antitrust*  
 6 *Litig.*, 2007 WL 1689899 at \*4 (N.D. June 11, 2007), cited by Mr. Lehmann, involved a federal  
 7 Sherman Act monetary claim to which various state claims were appended, which is doubtless  
 8 the reason no separate representation for state subclasses was even discussed. Moreover, in the  
 9 absence of a motion, it is unlikely that a court will reach out and appoint state subclass counsel.  
 10

11 Mr. Lehmann seems to imply that even if the variation among state antitrust laws and  
 12 consumer protection statutes were too great for certification, solace could be found in the unjust  
 13 enrichment claims alone. Doubtless, California claimants would prefer the protection of a  
 14 California Cartwright Act subclass. But unjust enrichment claims, as in *Schumacher, supra*, are  
 15 generally back-up secondary claims to more substantial statutory claims such as the federal PSA,  
 16 and unjust enrichment claims only provide for restitution. (Rest. Restitution sec.1; *Kossian v.*  
 17 *American Nat. Ins. Co.* (1967) 254 Cal. App.2d 647, by contrast to treble damages under the  
 18 California Cartwright Act, Bus. & Prof. C. Sec. 16750 *et seq.* However, *Klay v. Humana, Inc.*,  
 19 *supra,cited*, cited by Mr. Lehmann, specifically rejected an attempt to restate the state claims as  
 20 unjust enrichment claims as being merely an alternative statement of the non-certified state  
 21 claims. (at p. 1267).

22 It is respectfully requested that the Court grant the Motion To Appoint Interim Class Counsel  
 23 For the California Indirect Purchasers Subgroup.  
 24  
 25

26           //  
 27  
 28           //

1

2       **II.      Girardi & Keese and Winters Have the Experience and Qualifications**

3                   **To Adequately Serve As Interim Counsel For A California Subgroup Of**

4                   **Indirect Purchasers**

5

6       First, class counsel's competency and adequacy is presumed absent specific proof to the

7 contrary. *Farley v. Baird, Patrick & Co., Inc.* 1992 WL 321632\*5 (S.D.N.Y. 1992).

8       Second, Mr. Girardi, former President of the International Academy of Trial Lawyers and of the

9 American Board of Trial Advocates, who has tried over 100 jury cases to conclusion, has been

10 appointed lead counsel in numerous class action cases. The most notable is the *Sempra Energy*

11 case on behalf of the rate payers of California, which resolved two months into trial for \$1.87

12 Billion, personally negotiated by Mr. Girardi with the Chairman of Sempra Energy. Before that,

13 Mr. Girardi was lead attorney in the *El Paso Natural Gas* case, which was also brought in behalf

14 of California rate payers, which settled for \$1.5 Billion. (See *Curriculum Vitae* of Thomas V.

15 Girardi attached as Ex. B to the Declaration of Lingel H. Winters In Support of Motion to

16 Appoint Interim Class Counsel For the California Indirect Purchasers Subgroup). Mr. Girardi is

17 the senior partner of Girardi & Keese, a 21 member plus Los Angeles trial law firm with a wide

18 range and depth of class action experience. For instance, Mr. Girardi's partner, J. Paul Sizemore,

19 Esq. is a member of the Bextra/Celebrex MDL – Plaintiff's Steering Committee and Expert

20 Chair of the Vioxx MDL-Science. Another of Mr. Girardi's partners, Howard Miller, specializes

21 in Antitrust, Unfair Competition and Intellectual Property litigation. Further, as a Los Angeles

22 based law firm, Girardi & Keese extend the base of California representation to Southern

23 California.

24

25       Lingel H. Winters was a member of the plaintiff's Executive Committee in *In re Microsoft I-V*

26 Cases J.C.C.P. No. 4106, 135 Cal. App.4<sup>th</sup> 706, which settled for a recovery valued at \$1.1

27

1 Billion.<sup>2</sup> He has tried numerous high technology cases, including a 3 ½ month patent-antitrust  
2 trial in this district and been on the steering committee of various other antitrust cases.  
3 Technologies litigated by Mr. Winters include dual slope analog to digital converters, computers  
4 and software, semiconductors, accelerometers used as sensors for controlling missiles and  
5 aircraft, equipment for manufacturing semiconductors, medical applications, fire detectors used  
6 on the Boeing 727, and intrusion detection sensors. (See Resume attached as Ex. C to the  
7 Declaration of Lingel H. Winters In Support Of Motion To Appoint Interim Class Counsel For  
8 the California Indirect Purchasers Subgroup). Girardi & Keese and Winters submit that they have  
9 the experience and qualifications to serve as interim class counsel for the California Subgroup of  
10 Indirect Purchasers.

13 | CONCLUSION

14 It is respectfully requested that the Court grant the Motion To Appoint Interim Class Counsel  
15 For the California Indirect Purchasers Subgroup, and/or appoint Girardi & Keese and Winters to  
16 any Indirect Purchaser Executive Committee.

19 | Dated: June 29, 2007

GIRARDI & KEESE

By:/s/ Thomas V. Girardi

LAW OFFICES OF LINGEL H. WINTERS P.C.

By:/s/ Lingel H. Winters

27 <sup>2</sup> Since Mr. Lehmann was not a member of the California Microsoft Executive Committee, his  
28 unsworn statements regarding the roles of counsel in Microsoft are objected to for lack of  
foundation and competence.

1  
2 **CERTIFICATE OF SERVICE**

3 I, LINGEL H. WINTERS, declare as follows:

4 I am a citizen of the United States of America, over the age of eighteen (18) years and not a party  
5 to or interested in the within entitled cause, that I am an attorney and my business address is One  
6 Maritime Plaza, Suite 400, San Francisco, CA 94111.

7 On the date hereon, I deposited one (1) copy each of the within:

8 **REPLY MEMORANDUM TO OPPOSITION TO MOTION TO APPOINT INTERIM  
CLASS COUNSEL FOR THE CALIFORNIA INDIRECT PURCHASERS SUBGROUP**

9 I caused the above document to be served on each person by the following means.

10 [ ] [BY MAIL] I am "readily familiar" with the firm's practice of collection and processing  
11 correspondence by mailing. Under that practice it would be deposited with U.S. postal  
12 service on that same day with postage fully prepaid at San Francisco, California in the ordinary  
13 course of business. I am aware that on motion of the party served, service is presumed invalid if  
14 postal cancellation date or postage meter date is more than one day after date of deposit for  
15 mailing in affidavit.

16 [ X ] [BY ECF] By USDC Live System-Document Filing System: on all interested parties  
17 registered for e-filing.

18 [ ] [BY TELECOPY] BY STIPULATION I caused such document to be delivered by  
19 telecopy transmission to the offices of the addressee.

20 [ ] [BY PERSONAL DELIVERY] I caused such envelope to be delivered by hand to the  
21 offices of the addressee.

22 [ ] [BY FEDERAL EXPRESS] I caused such envelope to be delivered by Federal Express to  
23 the offices of the addressee.

24 [ X ] [STATE] I declare under penalty of perjury under the laws of the State of California that  
25 the statements herein are true and correct.

26 [ X ] [FEDERAL] I declare that I am employed in the offices of a member of this court at  
27 whose direction the service was made.

28 Executed on June 29, 2007 in San Francisco, California.

29 /S/ Lingel H. Winters